
HOUSE BILL No. 1356

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1; IC 6-2.1-3-23; IC 6-2.5; IC 6-3; IC 6-5.5-2-7.

Synopsis: Various tax matters. Specifies circumstances under which a sales tax return does not need to be filed each month. Updates references in law to the Internal Revenue Code to refer to the version of the Internal Revenue Code as amended through January 1, 2002. Eliminates property tax, gross income tax, certain sales tax, adjusted gross income tax, supplemental net income tax, and financial institutions tax exemptions for income and property of an otherwise exempt organization that is earned or used in a trade or business that is not directly related to the purposes for which the organization is exempt. Repeals a conflicting provision that requires property that is predominately used for an exempt purpose to be taxed if the property is used for any purpose that is not substantially related to the exempt purpose.

Effective: Upon passage; January 1, 2002 (retroactive); January 1, 2003.

Bauer

January 15, 2002, read first time and referred to Committee on Ways and Means.

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PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

HOUSE BILL No. 1356

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-10-36.3 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 36.3. (a) For
3 purposes of this section, property is predominantly used or occupied for
4 one (1) or more stated purposes if it is used or occupied for one (1) or
5 more of those purposes during:

6 **(1) less than one hundred percent (100%); but**

7 **(2) more than fifty percent (50%);**

8 of the time that it is used or occupied in the year that ends on the
9 assessment date of the property.

10 (b) If a section of this chapter **or another statute** states one (1) or
11 more purposes for which property must be **owned, held in trust**, used,
12 or occupied in order to qualify for an exemption ~~then~~ **from property**
13 **tax under IC 6-1.1 or one (1) or more purposes for which a**
14 **taxpayer must exist, be organized, or be operated in order for its**
15 **property to be exempt from property tax under IC 6-1.1 (including**
16 **section 25 of this chapter)** the exemption applies as follows:

17 **(1) One hundred percent (100%) of the assessed value of**



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property that is exclusively used or occupied for one (1) or more of the stated purposes is ~~totally exempt under that section~~. **from property tax.**

(2) Property that is predominantly used, or occupied for one (1) or more of the stated purposes by a church, or religious society, or not-for-profit school is ~~totally exempt under that section~~.

~~(3)~~ (2) If property is used for a purpose that is not exempt from property tax under this chapter or another law but is predominantly used or occupied for one (1) or more of the stated purposes, by a person other than a church, or religious society, or not-for-profit school **only part of the assessed value of the property** is exempt ~~under that section~~ from property tax. **on the part of the assessment of the property that bears the same proportion to the total assessment of the property as Subject to subsection (d), the amount of the deduction is equal to the assessed value of the property multiplied by a fraction. The numerator of the fraction is the amount of time that the property was used or occupied for one (1) or more of the stated purposes during the year that ends on the assessment date of the property. bears to The denominator of the fraction is the amount of time that the property was used or occupied for any purpose during that year.**

~~(4)~~ (3) None of the assessed value of property that is predominantly used or occupied for a purpose other than one (1) of the stated purposes is ~~not~~ exempt from any part of the property tax.

(c) Property is ~~not used or occupied for one (1) or more of the stated purposes during the time that a predominant part of the~~ **For purposes of subsection (b), property is not being used or occupied for a stated exempt purpose if it is** used or occupied in connection with a trade or business that is not ~~substantially~~ **directly** related to the exercise or performance of one (1) or more of the stated purposes.

(d) For purposes of subsection (b)(2), if only part of a building or structure is used for an exempt purpose or a nonexempt purpose, the deduction for the building or structure shall be adjusted to reflect the area in the building devoted to the exempt and nonexempt purposes under the procedures prescribed by the department of local government finance.

SECTION 2. IC 6-1.1-11-3, AS AMENDED BY P.L.198-2001, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) An owner of tangible property who wishes to obtain an exemption from property taxation shall file a

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certified application in duplicate with the auditor of the county in which the property that is the subject of the exemption is located. The application must be filed annually on or before May 15 on forms prescribed by the department of local government finance. The county auditor shall immediately forward a copy of the certified application to the county assessor. Except as provided in sections 1, 3.5, and 4 of this chapter, the application applies only for the taxes imposed for the year for which the application is filed.

(b) The authority for signing an exemption application may not be delegated by the owner of the property to any other person except by an executed power of attorney.

(c) An exemption application which is required under this chapter shall contain the following information:

(1) A description of the property claimed to be exempt in sufficient detail to afford identification.

(2) A statement showing the ownership, possession, and use of the property.

(3) The grounds for claiming the exemption.

(4) **The percentage of the exemption to which the person is entitled under IC 6-1.1-10-36.3.**

(5) The full name and address of the applicant.

~~(5)~~ (6) Any additional information which the department of local government finance may require.

(d) A person who signs an exemption application shall attest in writing and under penalties of perjury that, to the best of the person's knowledge and belief, a predominant part of the property claimed to be exempt is not being used or occupied in connection with a trade or business that is not ~~substantially~~ **directly** related to the exercise or performance of the organization's exempt purpose.

SECTION 3. IC 6-2.1-3-23 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 23. The exemptions provided by sections 19, 20, 21, and 22 of this chapter do not apply to gross income received by a taxpayer that is:

(1) derived from ~~an unrelated~~ a trade or business ~~as defined in Section 513 of the Internal Revenue Code~~; **that is not directly related to the purposes for which the taxpayer is exempt under section 19, 20, 21, or 22 of this chapter; and**

(2) **does not qualify as receipts from a charitable contribution (as defined in Section 170 of the Internal Revenue Code).**

SECTION 4. IC 6-2.5-5-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 25. (a) Transactions involving tangible personal property or service are

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exempt from the state gross retail tax, if the person acquiring the property or service:

(1) is an organization which is granted a gross income tax exemption under IC 6-2.1-3-20, IC 6-2.1-3-21, or IC 6-2.1-3-22;

(2) ~~primarily~~ **directly** uses the property or service to carry on or to ~~raise money~~ **obtain charitable contributions (as defined in Section 170 of the Internal Revenue Code)** to carry on the not-for-profit purpose for which it receives the gross income tax exemption; and

(3) is not an organization operated predominantly for social purposes.

(b) Transactions occurring after December 31, 1976, and involving tangible personal property or service are exempt from the state gross retail tax, if the person acquiring the property or service:

(1) is a fraternity, sorority, or student cooperative housing organization which is granted a gross income tax exemption under IC 6-2.1-3-19; and

(2) uses the property or service to carry on its ordinary and usual activities and operations as a fraternity, sorority, or student cooperative housing organization.

SECTION 5. IC 6-2.5-6-1, AS AMENDED BY P.L.185-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 1. (a) Each person liable for collecting the state gross retail or use tax shall file a return for each calendar month and pay the state gross retail and use taxes that the person collects during that month. A person shall file the person's return for a particular month with the department and make the person's tax payment for that month to the department not more than thirty (30) days after the end of that month, if that person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year did not exceed one thousand dollars (\$1,000). If a person's average monthly liability for collections of state gross retail and use taxes under this section as determined by the department for the preceding calendar year exceeded one thousand dollars (\$1,000), that person shall file the person's return for a particular month and make the person's tax payment for that month to the department not more than twenty (20) days after the end of that month.

(b) If a person files a combined sales and withholding tax report and either this section or IC 6-3-4-8.1 requires sales or withholding tax reports to be filed and remittances to be made within twenty (20) days after the end of each month, then the person shall file the combined

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report and remit the sales and withholding taxes due within twenty (20) days after the end of each month.

(c) **Instead of the twelve (12) monthly reporting periods required by subsection (a), the department may permit a person to divide a year into a different number of reporting periods. The return and payment for each reporting period is due not more than twenty (20) days after the end of the period.**

(d) Instead of the reporting periods required under subsection (a), the department may permit a retail merchant to report and pay the merchant's state gross retail and use taxes for a period covering:

(1) a calendar year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed ten dollars (\$10); ~~or~~

(2) a calendar half year, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed twenty-five dollars (\$25); **or**

(3) a calendar quarter, if the retail merchant's average monthly state gross retail and use tax liability in the previous calendar year does not exceed seventy-five dollars (\$75).

A retail merchant using a reporting period allowed under this subsection must file the merchant's return and pay the merchant's tax for a reporting period not later than the last day of the month immediately following the close of that reporting period.

~~(d)~~ (e) If a retail merchant reports the merchant's gross income tax, or the tax the merchant pays in place of the gross income tax, over a fiscal year or fiscal quarter not corresponding to the calendar year or calendar quarter, the merchant may, without prior departmental approval, report and pay the merchant's state gross retail and use taxes over the merchant's fiscal period that corresponds to the calendar period the merchant is permitted to use under subsection ~~(c)~~ (d). However, the department may, at any time, require the retail merchant to stop using the fiscal reporting period.

~~(e)~~ (f) If a retail merchant files a combined sales and withholding tax report, the reporting period for the combined report is the shortest period required under:

- (1) this section;
- (2) IC 6-3-4-8; or
- (3) IC 6-3-4-8.1.

~~(f)~~ (g) If the department determines that a person's:

- (1) estimated monthly gross retail and use tax liability for the current year; or
- (2) average monthly gross retail and use tax liability for the

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preceding year;
 exceeds ten thousand dollars (\$10,000), the person shall pay the monthly gross retail and use taxes due by electronic fund transfer (as defined in IC 4-8.1-2-7) or by delivering in person or by overnight courier a payment by cashier's check, certified check, or money order to the department. The transfer or payment shall be made on or before the date the tax is due.

(h) If a person's gross retail and use tax payment is made by electronic fund transfer, the taxpayer is not required to file a monthly gross retail and use tax return. However, the person shall file a quarterly gross retail and use tax return before the twentieth day after the end of each calendar quarter.

SECTION 6. IC 6-3-1-11, AS AMENDED BY P.L.9-2001, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002 (RETROACTIVE)]: Sec. 11. (a) The term "Internal Revenue Code" means the Internal Revenue Code of 1986 of the United States as amended and in effect on January 1, ~~2001~~ **2002**.

(b) Whenever the Internal Revenue Code is mentioned in this article, the particular provisions that are referred to, together with all the other provisions of the Internal Revenue Code in effect on January 1, ~~2001~~ **2002**, that pertain to the provisions specifically mentioned, shall be regarded as incorporated in this article by reference and have the same force and effect as though fully set forth in this article. To the extent the provisions apply to this article, regulations adopted under Section 7805(a) of the Internal Revenue Code and in effect on January 1, ~~2001~~ **2002**, shall be regarded as rules adopted by the department under this article, unless the department adopts specific rules that supersede the regulation.

(c) An amendment to the Internal Revenue Code made by an act passed by Congress before January 1, ~~2001~~ **2002**, that is effective for any taxable year that began before January 1, ~~2001~~ **2002**, and that affects:

- (1) individual adjusted gross income (as defined in Section 62 of the Internal Revenue Code);
- (2) corporate taxable income (as defined in Section 63 of the Internal Revenue Code);
- (3) trust and estate taxable income (as defined in Section 641(b) of the Internal Revenue Code);
- (4) life insurance company taxable income (as defined in Section 801(b) of the Internal Revenue Code);
- (5) mutual insurance company taxable income (as defined in Section 821(b) of the Internal Revenue Code); or



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(6) taxable income (as defined in Section 832 of the Internal Revenue Code);
 is also effective for that same taxable year for purposes of determining adjusted gross income under IC 6-3-1-3.5 and net income under IC 6-3-8-2(b).

SECTION 7. IC 6-3-1-3.5, AS AMENDED BY P.L.14-2000, SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3.5. When used in IC 6-3, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under IC 6-3 by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code for taxable years beginning after December 31, 1996; and

(B) five hundred dollars (\$500) for each additional amount allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

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(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Internal Revenue Code Section 111 as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not

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1 allowed under federal law to retain an amount to pay state and
2 local income taxes.

3 (15) In the case of an eligible individual, subtract the amount of
4 a Holocaust victim's settlement payment included in the
5 individual's federal adjusted gross income.

6 (16) For taxable years beginning after December 31, 1999,
7 subtract an amount equal to the portion of any premiums paid
8 during the taxable year by the taxpayer for a qualified long term
9 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the
10 taxpayer's spouse, or both.

11 (17) Subtract an amount equal to the lesser of:

12 (A) two thousand five hundred dollars (\$2,500); or

13 (B) the amount of property taxes that are paid during the
14 taxable year in Indiana by the individual on the individual's
15 principal place of residence.

16 (b) In the case of corporations, the same as "taxable income" (as
17 defined in Section 63 of the Internal Revenue Code) adjusted as
18 follows:

19 (1) Subtract income that is exempt from taxation under IC 6-3 by
20 the Constitution and statutes of the United States.

21 (2) Add an amount equal to any deduction or deductions allowed
22 or allowable pursuant to Section 170 of the Internal Revenue
23 Code.

24 (3) Add an amount equal to any deduction or deductions allowed
25 or allowable pursuant to Section 63 of the Internal Revenue Code
26 for taxes based on or measured by income and levied at the state
27 level by any state of the United States.

28 (4) Subtract an amount equal to the amount included in the
29 corporation's taxable income under Section 78 of the Internal
30 Revenue Code.

31 **(5) Add an amount equal to the net amount excluded from**
32 **taxable income under Section 501(a) of the Internal Revenue**
33 **Code from a trade or business that is not directly related to**
34 **the purposes for which the corporation is exempt from federal**
35 **income taxation, after subtracting any deductions from gross**
36 **income that would be available under the Internal Revenue**
37 **Code if the income was not exempt from taxation under**
38 **Section 501(a) of the Internal Revenue Code.**

39 (c) In the case of trusts and estates, "taxable income" (as defined for
40 trusts and estates in Section 641(b) of the Internal Revenue Code):

41 **(1) reduced by income that is exempt from taxation under IC 6-3**
42 **by the Constitution and statutes of the United States; and**

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(2) increased by an amount equal to the net amount excluded from taxable income under Section 501(a) of the Internal Revenue Code from a trade or business that is not directly related to the purposes for which the corporation is exempt from federal income taxation, after subtracting any deductions from gross income that would be available under the Internal Revenue Code if the income was not exempt from taxation under Section 501(a) of the Internal Revenue Code.

SECTION 8. IC 6-3-2-2.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 2.8. Notwithstanding any provision of IC 6-3-1 through IC 6-3-7, there shall be no tax on the adjusted gross income of the following:

(1) Any organization described in Section 501(a) of the Internal Revenue Code, except: ~~that any~~

(A) income of such organization which is subject to income tax under the Internal Revenue Code; and

(B) the net amount excluded from taxable income under Section 501(a) of the Internal Revenue Code from a trade or business that is not directly related to the purposes for which the corporation is exempt from federal income taxation, after subtracting any deductions from gross income that would be available under the Internal Revenue Code if the income was not exempt from taxation under Section 501(a) of the Internal Revenue Code;

shall be subject to the tax under IC 6-3-1 through IC 6-3-7.

(2) Any corporation which is exempt from income tax under Section 1363 of the Internal Revenue Code and which complies with the requirements of IC 6-3-4-13. However, income of a corporation described under this subdivision that is subject to income tax under the Internal Revenue Code is subject to the tax under IC 6-3-1 through IC 6-3-7. A corporation will not lose its exemption under this section because it fails to comply with IC 6-3-4-13 but it will be subject to the penalties provided by IC 6-8.1-10.

(3) Banks and trust companies, national banking associations, savings banks, building and loan associations, and savings and loan associations.

(4) Insurance companies subject to tax under IC 27-1-18-2.

(5) International banking facilities (as defined in Regulation D of the Board of Governors of the Federal Reserve System (12 CFR 204)).

SECTION 9. IC 6-3-2-3.1 IS AMENDED TO READ AS

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1 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 3.1. ~~(a) Except as~~
 2 ~~otherwise provided in subsection (b); Income is not of the following~~
 3 ~~entities is~~ exempt from the adjusted gross income tax ~~or (IC 6-3-1~~
 4 ~~through IC 6-3-7) and~~ the supplemental net income tax ~~under section~~
 5 ~~2-8(1) of this chapter if the income is derived by the exempt~~
 6 ~~organization from an unrelated trade or business; as defined in Section~~
 7 ~~513 of the Internal Revenue Code.~~

8 (b) This section does not apply to: (IC 6-3-8):

- 9 (1) The United States government.
- 10 (2) An agency or instrumentality of the United States government.
- 11 (3) This state.
- 12 (4) A state agency, as defined in IC 34-6-2-141.
- 13 (5) A political subdivision, as defined in IC 34-6-2-110. ~~or~~
- 14 (6) A county solid waste management district or a joint solid
- 15 waste management district established under IC 13-21 or
- 16 IC 13-9.5-2 (before its repeal).

17 SECTION 10. IC 6-5.5-2-7 IS AMENDED TO READ AS
 18 FOLLOWS [EFFECTIVE JANUARY 1, 2003]: Sec. 7.
 19 Notwithstanding any other provision of this article, there is no tax
 20 imposed on the adjusted gross income or apportioned income of the
 21 following:

- 22 (1) Insurance companies subject to the tax under IC 27-1-18-2 or
- 23 IC 6-2.1.
- 24 (2) International banking facilities (as defined in Regulation D of
- 25 the Board of Governors of the Federal Reserve System).
- 26 (3) Any corporation that is exempt from income tax under Section
- 27 1363 of the Internal Revenue Code.
- 28 (4) **Adjusted gross income or apportioned income of** any
- 29 corporation exempt from federal income taxation under the
- 30 Internal Revenue Code, except for the corporation's unrelated
- 31 business income **to the extent that the income is derived from**
- 32 **activities that are directly related to the purposes for which**
- 33 **the corporation is exempt from federal income taxation under**
- 34 **the Internal Revenue Code or the income is from charitable**
- 35 **contributions (as defined in Section 170 of the Internal**
- 36 **Revenue Code).** However, this exemption does not apply to a
- 37 corporation exempt from federal income taxation under Section
- 38 501(c)(14) of the Internal Revenue Code.

39 SECTION 11. IC 6-1.1-10-36.5 IS REPEALED [EFFECTIVE
 40 JANUARY 1, 2003].

41 SECTION 12. [EFFECTIVE UPON PASSAGE] (a)
 42 IC 6-1.1-10-36.3 and IC 6-1.1-11-3, both as amended by this act,



and the repeal of IC 6-1.1-10-36.5 by this act apply only to property taxes first due and payable after December 31, 2002. The department of local government finance shall prescribe and make available forms to comply with IC 6-1.1-11-3, as amended by this act, as soon as practicable after the effective date of this SECTION. Notwithstanding IC 6-1.1-11-3, as amended by this act:

(1) a taxpayer that:

(A) qualifies for a one hundred percent (100%) property tax exemption under IC 6-1.1-10-36.3(b)(1); and

(B) is exempt under IC 6-1.1-11-3.5 or IC 6-1.1-11-4 from filing a certified property tax exemption application in calendar year 2002;

is not required by the amendment to IC 6-1.1-11-3 by this act to file an exemption application until required by IC 6-1.1-11-3.5 or IC 6-1.1-11-4; and

(2) a taxpayer whose property tax exemption is changed by the amendment to IC 6-1.1-10-36.3 by this act, or the repeal of IC 6-1.1-10-36.5 has until September 1, 2002, to file a certified application under IC 6-1.1-11-3, as amended by this act, that correctly states the amount of the exemption.

(b) IC 6-2.1-3-23, IC 6-3-1-3.5, IC 6-3-2-2.8, IC 6-3-2-3.1, and IC 6-5.5-2-7, all as amended by this act, apply only to taxable years beginning after December 31, 2003.

(c) IC 6-2.5-5-25, as amended by this act, applies to retail transactions occurring after December 31, 2002. For purposes of IC 6-2.5-5-25, all transactions shall be considered as having occurred after December 31, 2002, to the extent that delivery of the property or services constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before January 1, 2003, to the extent that the agreement of the parties to the transaction was entered into before January 1, 2003, and payment for the property or services furnished in the transaction is made before January 1, 2003, notwithstanding the delivery of the property or services after December 31, 2002.

(d) The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement IC 6-1.1-10-36.3 and IC 6-1.1-11-3, as amended by this act, and the repeal of IC 6-1.1-10-36.5 by this act. A temporary rule adopted under this subsection expires on the earliest of the following:



1 (1) The date that another temporary rule adopted under this
2 subsection supersedes the prior temporary rule.

3 (2) The date that permanent rules adopted under IC 4-22-2
4 supersede the temporary rule.

5 (3) July 1, 2004.

6 (e) The department of state revenue may adopt temporary rules
7 in the manner provided for the adoption of emergency rules under
8 IC 4-22-2-37.1 to implement IC 6-2.1-3-23, IC 6-3-1-3.5,
9 IC 6-3-2-2.8, IC 6-3-2-3.1, and IC 6-5.5-2-7, all as amended by this
10 act. A temporary rule adopted under this subsection expires on the
11 earliest of the following:

12 (1) The date that another temporary rule adopted under this
13 subsection supersedes the prior temporary rule.

14 (2) The date that permanent rules adopted under IC 4-22-2
15 supersede the temporary rule.

16 (3) July 1, 2004.

17 SECTION 13. An emergency is declared for this act.

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